GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1364
ANSWERED ON:11.03.2005
NSS087 WITHDRAWL WITHOUT TDS
Reddy Shri Karunakara G.

Will the Minister of FINANCE be pleased to state:

(a)whether any circular has been issued to the Department of Posts facilitating withdrawal from `NSS087` accounts without tax deducted at source (TDS) even when withdrawal per year exceed Rs. 50,000/- for senior citizens;

(b) if so, the details of action taken by the Department of Posts;

(c) whether even after issuing the circular the Department of Posts has been routinely deducting Income Tax in this regard; and

(d) if so, the reasons therefore and action taken by the Union Government ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) Sub- Section (1C) was inserted in Section 197A of the Income Tax Act with effect from 1.6.2003 which allowed an Indian resident individual of the age of 65 years or more to withdraw from National Savings Scheme and to receive certain other incomes , without tax deduction at source, if such individual furnishes a declaration in prescribed form (From 15H) to the effect that tax on his estimated total income for the year will be nil. The new provision was also explained by the CBDT vide Circular No. 7 dated 5.9.2003.

(b) the Department of Posts also issued a Circular vide SB order No. 4/2004 dated 9.2.2004, bringing to the notice of all heads of Circles/Regions under the Department of Posts, the changes made in the provisions relating to TDS on incomes received by Indian resident individuals of the age of 65 years or more, as elaborated in reply to para (a) above.

(c) & (d) The information is being collected and will be laid on the Table of the House.